Labour Market Bulletin

Saskatchewan

May 2018

This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Saskatchewan, including Regina-Moose Mountain, Swift Current-Moose Jaw, Saskatoon-Biggar, Yorkton-Melville and Prince Albert and Northern economic regions.

OVERVIEW

The number of people employed in Saskatchewan dropped considerably for a second consecutive month (-2,100). Both full- and part-time employment declined during this period, by 1,500 and 800 respectively. A similar trend can be observed on an annual basis, with employment declining 5,600 between May 2017 and May 2018.

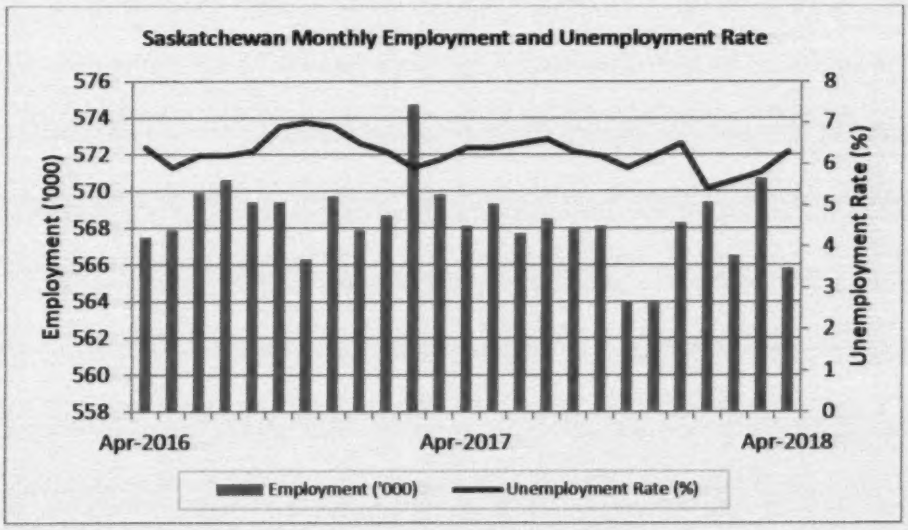
Saskatchewan Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	May 2018	April 2018	May 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	884.2	883.4	876.4	0.8	0.1	7.8	0.9
Labour Force ('000)	604.5	603.9	608.3	0.6	0.1	-3.8	-0.6
Employment ('000)	563.7	565.8	569.3	-2.1	-0.4	-5.6	-1.0
Full-Time ('000)	461.6	463.1	467.2	-1.5	-0.3	-5.6	-1.2
Part-Time ('000)	102.0	102.8	102.1	-0.8	-0.8	-0.1	-0.1
Unemployment ('000)	40.9	38.0	39.0	2.9	7.6	1.9	4.9
Unemployment Rate (%)	6.8	6.3	6.4	0.5	-	0.4	-
Participation Rate (%)	68.4	68.4	69.4	0.0	-	-1.0	-
Employment Rate (%)	63.8	64.0	65.0	-0.2	-	-1.2	-

Note: Totals may not add due to rounding
Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

Employment in all three employment sectors decreased this month. The public and private sectors shed 1,800 and 100 positions in May. Meanwhile, the number of self-employed Saskatchewanians also dropped 200 during the same period.

In addition to the weak employment numbers, Saskatchewan's average weekly earnings fell nearly two dollars between February and March 2018, to reach $1,015.37. A significant drop in goods-producing sector wages was responsible for the overall decline in wages during this period (-$32.73). Meanwhile, service-producing sector wages increased slightly during this period (+$6.52).[1]



Saskatchewan's unemployment rate increased to 6.8% in May, up 0.5 percentage points compared to the previous month. The provincial rate now exceeds the national average of 5.8% during the same period. Overall, Saskatchewan's unemployment rate is also significantly higher than it was a year ago (+0.4 percentage points).

Employment conditions in Saskatchewan are projected to remain sluggish over the next two years. According to the Conference Board of Canada's latest provincial outlook, the number of people employed in the province is anticipated to increase 2,000 in 2018 and by another 2,000 in 2019.[2] Recovery in the province's agriculture and a pick-up in global demand for potash and oil are anticipated to help the economic growth over the next few years. Meanwhile, conditions in the uranium industry remain uncertain which poses challenges for the local economy.[3]

Saskatchewan Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	May 2018 (%)	April 2018 (%)	May 2017 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	6.8	6.3	6.4	0.5	0.4
25 years and over	5.6	5.5	5.6	0.1	0.0
Men - 25 years and over	6.1	6.3	6.1	-0.2	0.0
Women - 25 years and over	4.9	4.6	5.0	0.3	-0.1
15 to 24 years	14.0	11.0	11.2	3.0	2.8
Men - 15 to 24 years	18.1	14.5	14.4	3.6	3.7
Women - 15 to 24 years	9.4	7.1	7.4	2.3	2.0

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

At 14.0%, Saskatchewan's youth unemployment rate was more than double the provincial average of 6.8%. All in all, the youth unemployment rate jumped three percentage points between April 2018 and May 2018. Both young men (+3.6 percentage points) and young women (+2.3 percentage points) experienced a significant increase in rates during this period. Conversely, the unemployment rate for those aged 25 years and over remained flat (+0.1 percentage point) during the same period.

EMPLOYMENT BY INDUSTRY

The number of people employed in both the goods and the services-producing sectors declined this month. The goods-producing sector employed 1,700 fewer people this month. Meanwhile, employment in the services-producing sector dropped 500.

Saskatchewan Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	May 2018	April 2018	May 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	563.7	565.8	569.3	-2.1	-0.4	-5.6	-1.0
Goods-producing sector	144.5	146.2	148.7	-1.7	-1.2	-4.2	-2.8
Agriculture	36.8	37.0	37.8	-0.2	-0.5	-1.0	-2.6
Forestry, fishing, mining, quarrying, oil and gas	24.4	25.3	23.2	-0.9	-3.6	1.2	5.2
Utilities	6.8	6.6	6.9	0.2	3.0	-0.1	-1.4
Construction	47.6	48.6	52.2	-1.0	-2.1	-4.6	-8.8
Manufacturing	28.9	28.7	28.6	0.2	0.7	0.3	1.0
Services-producing sector	419.2	419.7	420.6	-0.5	-0.1	-1.4	-0.3
Trade	90.2	90.1	92.9	0.1	0.1	-2.7	-2.9
Transportation and warehousing	28.5	27.5	27.9	1.0	3.6	0.6	2.2
Finance, insurance, real estate and leasing	28.7	28.3	26.8	0.4	1.4	1.9	7.1
Professional, scientific and technical services	26.1	25.8	30.2	0.3	1.2	-4.1	-13.6
Business, building and other support services	14.1	15.1	14.6	-1.0	-6.6	-0.5	-3.4
Educational services	40.9	41.4	40.9	-0.5	-1.2	0.0	0.0
Health care and social assistance	77.3	77.8	76.5	-0.5	-0.6	0.8	1.0
Information, culture and recreation	19.8	20.4	20.0	-0.6	-2.9	-0.2	-1.0
Accommodation and food services	36.8	37.2	36.8	-0.4	-1.1	0.0	0.0
Other services	25.4	25.4	24.7	0.0	0.0	0.7	2.8
Public administration	31.4	30.8	29.3	0.6	1.9	2.1	7.2

Note: Totals may not add due to rounding
Source: Statistics Canada Labour Force Survey – Table T14-10-0355, formerly CANSIM 282-0088

Looking at individual goods-producing industries, employment in agriculture declined 200 in May. Seeding of this year's crops is well underway in the province. And according to the Government of Saskatchewan's crop report, 91% of crops were in the ground as of May 31, well ahead of the five-year average of 81% for this time of year. Topsoil moisture conditions have slightly improved across Saskatchewan with the recent rainfall.[4] Farmers across the province are planning to seed fewer acres of canola and soybeans this year compared to record high levels in 2017; this is potentially due to weaker prices of the crops as well as to exports falling

sharply.[5] Instead, Canadian producers have shifted production to cereal grains such as wheat, barley and corn due to an increase in demand in 2018.[6]

On an annual basis, the number of people employed in the resource extraction industry (i.e. forestry, fishing, mining, quarrying, oil and gas) increased 1,200 in May compared to a year ago. Conditions in Saskatchewan's oil industry are improving as prices pick up. The industry is benefiting from new cost-effective thermal extraction technology that is anticipated to boost investment over the next few years.[7] For instance, Calgary-based Husky Energy plans to develop two new cost-effective thermal extraction plants in the Prince Albert and Northern Saskatchewan economic region, which will cost $700 million.

Meanwhile, conditions are also improving in Saskatchewan's potash industry due to increasing global demand for the mineral as well as strengthening price. K+S Potash's new Bethune mine, which was completed in May 2017, and Nutrien's (formerly PotashCorp) expanded Rocanville mine have ramped up production. As a result, the Conference Board of Canada anticipates real non-metal mining output to grow 4.6% in 2018 and by another 4.1% in 2019.[8] Despite the positive outlook, the industry experienced challenges related to shipping and transportation of the mineral in April and May, due to the possibility of a strike at the Canadian Pacific Railway.[9]

Employment in construction declined 1,000 in May compared to the previous month. The 2018-19 summer construction season recently began in Saskatchewan and work has started on a number of infrastructure projects. The Government of Saskatchewan has earmarked $924.5 million for highway and road projects in this fiscal year, which aim to improve overall safety on the provincial highway system. Some of the major projects that the Province is funding include: 700km of repaving and preventative maintenance projects across the province ($118 million), as well as Phase II of the Regina Bypass ($330 million). In addition, the City of Regina is investing $85.3 million on infrastructure projects in the 2018-19 fiscal year, with the majority of the investment going towards water, wastewater, and drainage systems ($50 million). Similarly, Saskatoon's municipal government will spend $61 million to improve 206 lane kilometres of roadways around the city.[10]

There were 200 more individuals employed in manufacturing in May than a month ago. Conditions in the manufacturing industry are uncertain with the NAFTA negotiations underway. For instance, the U.S. government imposed a 25% tariff on steel imports that come from the European Union, Canada, and Mexico on June 1. The changes affect EVRAZ Regina, which is the largest steel company in Western Canada, producing high-strength steel that is rolled into plate and coil, primarily for tubular products. The facility in Regina employs more than a 1,000 people and spurs six to 10 times as many indirect jobs through a supply chain, primarily in Western Canada. The U.S. government has supported its measures by citing national security concerns around the impact of these imported products on the American domestic industries.[11]

Turning to the services-producing sector, the transportation and warehousing industry recorded the largest increase in employment this month (+1,000). The Canadian Pacific (CP rail) and the Teamsters Canada Rail reached a four-year tentative agreement for a new contract on May 30. Rail operations had been affected in April and early May as CP rail employees were scheduled to go on a strike, after the company and the two employee unions (Teamsters and the International Brotherhood of Electrical Workers) failed to reach an agreement for a new contract. With the new tentative agreement in place, full operations at both CP rail and Canadian National Railways resumed across Canada on May 31.[12]

Employment in healthcare and social assistance is up 800 positions on the year. There have been some positive announcements related to healthcare and social assistance over the past two months. In its 2018-19 budget, the Provincial government earmarked $5.77 billion in spending for health care and social services and assistance in this fiscal year. The province's health authority will receive $3.5 billion of the funding and $49.4 million will go towards physician services, which includes the recruitment of new specialists and primary physicians.[13] In addition, the federal and provincial governments signed a bilateral agreement on May 14 to improve healthcare services. Under the new agreement, the Province will invest about $158M in targeted funding over five years as part of a ten-year federal commitment of nearly $350M.[14]

The information, culture and recreation industry shed 600 positions in May compared to the previous month. With the increasing popularity of the internet as a news source, demand for print and traditional broadcast media has declined over the past decade. The consequent loss of advertising and classified revenue has led to several media outlets to cut operations across the province.[15] As well, telecommunication companies are looking to change technologically to remain competitive. Calgary-based Shaw Communication Inc., for instance, offered voluntary buyouts to 6,500 Shaw and Freedom Mobile workers to refocus its operations across Canada.[16] Over 3,000 employees accepted a voluntary buyout package from company. The departures will be spread over the next 18 months.[17] On a positive note, SaskTel is planning to invest $301M in 2018-2019 in its network and infrastructure. The investment will help SaskTel maintain and improve communication technology services throughout the province.[18]

REGIONAL ANALYSIS

Compared to the same period last year, employment is down in two out of five economic regions in Saskatchewan. Meanwhile, the unemployment rate increased in three out of the five economic regions during this period.

Saskatchewan Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	May 2018 ('000)	May 2017 ('000)	Yearly Variation (%)	May 2018 (%)	May 2017 (%)	Yearly Variation (% points)
Saskatchewan	564.2	566.8	-0.5	6.8	6.7	0.1
Economic Regions						
Regina - Moose Mountain	185.2	183.7	0.8	6.1	5.5	0.6
Swift Current - Moose Jaw	49.7	51.3	-3.1	4.6	4.5	0.1
Saskatoon - Biggar	196.0	193.7	1.2	7.0	8.1	-1.1
Yorkton - Melville	34.1	39.5	-13.7	10.0	4.8	5.2
Prince Albert and Northern	99.3	98.6	0.7	7.6	7.9	-0.3

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293, formerly CANSIM 282-0122

The number of people employed in Regina-Moose Mountain increased 1,500 between May 2017 and May 2018. Considerable employment gains in the services-producing sector (+1,600) overshadowed a slight decrease in the goods-producing sector employment during this period. Educational services led employment gains in the region, adding 2,700 positions on the year. In the 2018-19 provincial budget, the Province restored

$30 million for K-12 education after funding was reduced in 2017. The funding allows school divisions across the province to hire up to 400 teachers and other educational support staff.[19] Overall, Regina's prospects remain bright as services sector activity picks up in the near-term. According to the Conference Board of Canada, services-producing industries will grow 2.2% in 2018.[20]

Employment in Saskatoon-Biggar increased 2,300 in May compared to the same month in 2017. The number of people working in the goods-producing sector rose 2,200 during this period, while employment in the services-producing sector remained flat (+100). Manufacturing activity is booming in the region due in part to increased activity in the province's resource extraction industry. Overall, the number of people employed in manufacturing increase 2,700 in May.

Finally, the number of people employed in Yorkton-Melville has declined significantly over the past year. The region now employs 34,100 people, down 5,400 compared to May 2017. The largest drop in employment was recorded in the region's construction and accommodation and food services industries during this period. The $3 billion expansion of Nutrien's (previously Potash Corporation of Saskatchewan) Rocanville mine was a source of significant employment in the region. With the project completed in October 2017, there are no major construction projects ongoing in the region which has affected employment levels.[21]

***Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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***For information on the Labour Force Survey**, please visit the Statistics Canada Web site at: www.statcan.gc.ca*

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